

Fact Finding Recommendations

City Wide Collective Bargaining Unit

The City of Grinnell, Iowa

vs

Public Professional & Maintenance

Local Union 2003 affiliate with Council

81, International Union of Painters &

Allied Trades (PPME)

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Iowa PERB Case No. CEO 286/

Section 3

Appearances

For the City of Grinnell, Iowa

William J. Sueppel

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Attorney, Meardon, Sueppel & Downer, PLC

Russ Behrens

-

City Manager

Cassie Hage

-

City Clerk/Finance Manager

For PPME Local Union 2003

Joe Rasmussen

-

Business Representative

Michael S. Johnson

-

Bargaining Team Member

Donald D. Ellis

-

Bargaining Team Member

Steven Ashing

-

Bargaining Team Member

Introduction

Grinnell, Iowa is a town with a population of slightly more than 9,000¹ located in the central Iowa county of Poweshiek.² The quality of life in Grinnell appears to be quite good and it boasts of having a number of former prominent citizens, and a prominent

¹2000 census shows a population of 9,105.

²Because of a vagary of political history Grinnell is not the county seat of Poweshiek county. The county seat is located in Montezuma, Iowa which has a population of 1,440 (2000 census).

educational institution.

The Spaulding Manufacturing Company, employing some 300 workers in the late 19th and early 20th centuries in Grinnell, was a major manufacturer of vehicles sold in the south, west and northwestern U.S. after the Civil War, somewhat on par with the products sold by the Studebaker Company from South Bend, Indiana which was the largest wagon maker in the world at the time and one of Spaulding's major competitors.

Grinnell is also home of Grinnell College, arguably one of the better liberal arts colleges in the U.S. One of the college's most illustrious graduates is also a graduate of Grinnell high school. This is Robert T. Noyce who, after going on to earn a Ph.D. in physics at MIT after graduating from Grinnell College, was responsible for discoveries that led to the invention of integrated circuitry which contributed largely to the computer revolution as we know it today. Robert T. Noyce is also one of the co-founders of Intel Corporation which became an early and major provider of computer chips in the U.S.

Grinnell, Iowa has a collective bargaining unit with some of its employees represented by PPME Local 2003. The latter is a state-wide union local, according to information of record provided to the fact finder, representing public sector workers in Iowa in state, county and local jurisdictions.³ There are 24 employees in the bargaining unit covered by the labor contract between PPME Local 2003 and the city of Grinnell.

³PPME represents workers in Iowa who work on the state and county levels. It also represent local jurisdiction employees working for cities (such as Grinnell) as well as school districts.

The current contract expires on June 30, 2004.⁴ The composition of the Grinnell bargaining unit includes employees working for three (3) of the city's nine (9) different departments.⁵ These 3 departments are the Public Service Department,⁶ the Water & Waste Water Department;⁷ and the Building Maintenance Department.⁸

The union-management relationship between PPME local 2003 and the city is, by any reasonable standards, a mature one. According to information provided to the fact finder the bargaining unit was established in February of 1978, or some 26 years ago. Apparently labor relations between the parties have generally been amicable. One of the parties to the fact finding notes that to his knowledge there has never been an interest arbitration award issued in Grinnell, and there has only been one fact finding report and recommendations that were issued in 2001.⁹ The parties accepted the recommendations

⁴See: Collective Bargaining Agreement between the city of Grinnell & Public Professional & Maintenance Employees, Local Union No. 2033, effective July 1, 2003 to June 30, 2004.

⁵Grinnell's nine (9) city departments include the following: administrative offices; recreation department; water management department; maintenance department; city library; public services; fire department; police department, and the housing authority.

⁶Including employees with titles such as solid waste operator, grounds keeper, street maintenance, sweeper operator and laborer. There is also one employee working for this Department with title of assistant supervisor of public service who is a member of the bargaining unit. Despite this title this employee apparently was deemed coverable under the Iowa Code when the unit was first determined.

⁷Including employees with titles such as water operator and waste water operator, as well as operator and the town's meter person. This Department also includes two employees with assistant supervisor titles. See comment by the fact finder in Footnote 2.

⁸All of the employees in this Department have title of building maintenance albeit one of them appears to also share the title of assistant supervisor of building maintenance. See supra on supervisory titles and the bargaining unit.

⁹See: Fact Finder's Recommendations (2001). Unnumbered union exhibit.

and used them as basis for their labor contract that year. This information about the history of labor negotiations in Grinnell is not in dispute.

The union and the city of Grinnell are hard workers in the arena of industrial relations. Either that, or they like to spend their time practicing the art of negotiations. The fact finder was not advised whether the parties have a history of one year labor contracts, as opposed to the more commonly found three or more year labor contracts in industry, but a one year contract appears, at the very least, to have been the more recent pattern.¹⁰ Consequently, shortly after the current labor contract was ratified, effective July 1, 2003, the union had proposals for the next contract before the city by early September of 2003. Shortly thereafter, the fact finder is advised, the city responded with its proposals and negotiations were held on two separate occasions in November and December of 2003. Absent success in arriving at a new labor contract after those two bargaining sessions, and in accordance with the dispute resolution procedures outlined in the *Iowa Public Employment Relations Act* at *Chapter 20* the parties were then assisted by a mediator. This happened in January of 2004. Since the parties were still unable to arrive at a mutually agreed upon new labor contract they opted, under the same *Chapter* of the *Act* cited above, to go to fact finding.

On January 15, 2003 the instant neutral was advised by Iowa's PERB that he had

¹⁰PPME Local 2003's Exhibit 13, for example, gives a history of wage increase by dollar across-the-board (as opposed to percentages) going back to 1990. But it is unclear if some of these increases came in multi-year contracts.

been selected by the parties to the instant labor dispute in Grinnell, under *Chapter 20* of the *Act* and *Chapter 7* of PERB's rules, to hold a fact finding hearing and issue recommendations for a settlement.

A fact finding hearing was scheduled and it was held on February 12, 2004 in the Grinnell, Iowa city hall. The hearing started at 10:00 AM and finished at 12:00 PM. Although fact finding hearings under Iowa law fall under a sunshine provision there were no others in attendance at the hearing except those cited earlier in this Report, under title of Appearances, as well as the fact finder and his assistant. The fact-finder would like to thank all parties present at the hearing for their courtesies and the manifest level of professionalism displayed.

Statutory Issues

PERB's *Rules* at *Chapter 7* state the following, in pertinent part, about the powers and authority of a fact finder who is chosen or appointed to assist in the resolution of bargaining impasses in public sector union-management relations in the state of Iowa.¹¹ Not all of the provisions at *Chapter 7* are cited here but only those that are/were applicable to the hearing held in Grinnell on February 12, 2004. The parties gave no indication of being partial to proceed with any additional mediation, and there was no apparent need for the fact finder to take measures to have any information, in addition to that provided by the parties, subpoenaed. So provisions found in *Chapter 7* dealing with

¹¹All citations here are from: Rules of the Public Employment Relations Board. Reprinted from the Iowa Administrative Code, effective October 10, 2001. Des Moines, Iowa.

these matters obviously need not be cited. The principals representing both sides came well prepared to offer their proposals on the issues at stake to the fact finder. The following provisions of *Chapter 7* apply, therefore, to this case.

621-7.4 (20) - Fact-Finding

7.4 (2) Powers of the fact-finder. The fact finder shall have the power to conduct a hearing...The subject of fact-finding shall be the impasse items unresolved by mediation...

7.4 (3) No party shall present a proposal to the fact finder which has not been offered to the other party in the course of negotiations.

7.4 (4) Briefs and statements. The fact finder may require the parties to submit a brief or a statement on the unresolved impasse items.

7.4 (5) Hearing. A fact-finding hearing shall be open to the public and shall be limited to matters which will enable the fact finder to make recommendations for settlement of the dispute.

7.4 (6) Report of the fact finder. Within 15 days of appointment, the fact finder shall issue to the parties a "Report of Fact Finder" consisting of specific findings of fact concerning each impasse item, and separate therefrom, specific recommendations for resolution of each impasse item...The report shall also identify the parties and their representatives and recited the time, date, place and duration of the hearing sessions. The fact finder shall serve a copy of the report to the parties and file the original with the Board.

7.4 (7) Action on the fact finder's report. Upon receipt of the fact finder's report, the public employer and the certified employee organization shall immediately accept the fact finder's recommendations to the governing body and the members of the certified employee organization for acceptance or rejection. "Immediately" shall mean a period of not longer than 72 hours from said receipt...

7.4 (8) Publication of report by Board. If the public employer and the employee organization fail to conclude a collective bargaining agreement

ten days after their receipt of the fact finder's report and recommendations, the Board shall make the fact finder's report and recommendations available to the public.

.....

621--7.5(20) Binding Arbitration

7.5 (1) Request for arbitration. At any time following the making public by the Board of the fact finder's report and recommendations, either party to an impasse may request the Board to arrange for binding arbitration...

Under Iowa's *Public Employment Relations Act* the parties to a bargaining impasse are at liberty to accept or reject a fact finder's recommendations and then go to binding interest arbitration. The perimeters of decision-making of an interest arbitrator, however, under Iowa's *Act*, are considerably circumscribed. Such is not the case for fact finders. In arriving at their recommendations about given issues at impasse the latter would normally follow, however, as a matter of both principle and prior practice, the same criteria as interest arbitrators as outlined under the *Act*. These criteria, stated in the *Act* @ 20.22 (9), are fairly specific. They are as follows, and they will generally be invoked by the fact finder in the instant case, as need and circumstances require.

20.22 (9)

The (fact finder) shall consider, in addition to any other relevant factors, the following factors:

- (a) Past collective bargaining contacts between the parties including the bargaining that led up to such contracts.
- (b) Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and

the classifications involved.

(c) The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.

(d) The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

The Labor Dispute in 2003 between PPME Local 2003 & and City of Grinnell

Under the Iowa law that protects the rights of public employees in the state to organize collectively for the sake of negotiating and administering labor contracts, labor and management can include provisions in their agreements that fall under the aegis of permissive, or mandatory, subjects of bargaining if they mutually decide to do so. Fact finders, however, when there is a bargaining table impasse, are limited to making recommendations only on mandatory subjects of bargaining as outlined in *Chapter 20* of the *Act*. It is not necessary here to list all of the mandatory subjects of bargaining under the law but it is appropriate to note that the issues involved in the instant case all fall under that list and there is not any, or at least the fact finder has not been apprised of any, issues outstanding at the bargaining table that might require PERB's intervention for clarification as a mandatory or permissive issue.

The four (4) issues before the fact finder in this case, on which the parties are at impasse, are the following: (1) leaves of absence; (2) overtime; (3) (health) insurance, and (4) wages. As will be noted later in these recommendations, the issues of health insurance and wages are intertwined. One aspect of the proposal by the city of Grinnell is

really a version of a two-tier wage scale that includes the interface, so to speak, of health insurance and wages. This particular proposal appears to be one of considerable contention between the parties this round of negotiations. When the fact finder discusses insurance and wages, and frames recommendations on them, he will deal with these two issues concurrently.

Threshold Issue No. 1: Comparability

Parties to fact finding and interest arbitrations in the public sector in the states of Indiana, Illinois and Iowa, where the instant fact finder has spent most of his time participating in these types of exercises since the middle 1970s, are fond of arguing the economics of their proposals by looking to comparisons. If one or other of the parties at a fact finding or interest arbitration feels that the good grade they may have gotten in an economics or accounting class while in college qualifies them as a expert, the extent and direction to which comparability arguments can be pushed knows no bounds as these folks, in given cases, go about plying their skills. Sometimes the myriad comparisons offered for the consideration of fact finders are elucidating. Sometimes not.

Much to the relief of the fact finder in this case there are cooler and more reasonable minds at work. The comparisons by both sides show uncommon good sense. The comparisons limit proposals for the issues at impasse for the bargaining unit at Grinnell represented by PPME Local 2003 for the 2003-4 labor contract with known information on bargaining outcomes by other bargaining units in the reasonable

proximate vicinity of both Grinnell and Poweshiek county, and with cities in somewhat comparable census ranges. This puts the fact finder in this case in the enviable position of being able to compare apples with apples rather than apples with oranges, not to mention apples with much more exotic fruit.

According to PPME Local 2003 the comparable group proposed in this fact finding is the same group proposed before the prior fact finder in 2001 when there was a bargaining impasse in Grinnell that year. The comparison group includes seven (7) cities in counties near Poweshiek, all with collective bargaining units of similar groups of employees, and all comparisons of which, according to the union, "...share similar economic influences...". The comparison group includes the Iowa cities of Marshalltown, Newton, Indianola, Oskaloosa, Knoxville, Nevada and Vinton. All of these small to medium sized cities are the county seats of the counties in which they are located except Grinnell albeit Grinnell is the largest town in Poweshiek county.¹² PPME Local 2003 also adds to this group another bargaining unit in Grinnell which is the police unit. There is some variance of population in these cities and they go from the smallest which is Vinton (5,102) to the largest, which is Marshalltown (26,009). Population-wise the comparison group presented to this fact finder is exactly the same as that presented to the fact finder in 2001 since both are based on the census data of 2000 which are gathered every decade. If one were to graph this group of cities by population Grinnell, with a population of

¹²As noted earlier, the county seat of Poweshiek county is the much smaller town of Montezuma, Iowa.

9,105, would be in about the middle of the group.

The comparability group proposed by the city of Grinnell, on the other hand, uses cities comparable in size to Grinnell as primary variable, plus a number of other variables such as location within 90 miles, and comparable collective bargaining units in all the cities listed. The six in this group cities to be compared with Grinnell are Carroll, Knoxville, Oskaloosa, Pella, Perry and Waverly. Perry is the smallest city in this comparison group with a population of 7,633 and Oskaloosa is the largest with a population of 10,938.

The comparison groups of cities overlap at two points since the cities proposed by the union, on the one hand, and the city, on the other, both include the cities of Knoxville and Oskaloosa. In other words, the variance in the comparison groups really centers on only 70% of the two groups if one were to construct an imaginary Venn diagram of the two proposed groups of cities.¹³

In reviewing the two groups, as well as the findings of the prior fact finder who had exactly the same data before him, the instant fact finder could, but does not find it reasonable, to rule differently than the fact finder did on this matter in 2001. According to the conclusions of that earlier set of recommendations:

"It is the undersigned's opinion that the union's selection of comparable cities provides a better comparability group...The fact that the union's comparability groups enjoys a geographical proximity to Grinnell is significant. The employees

¹³Since there are only seven cities in each group, excluding PPME Local 2003's addition of Grinnell's police unit.

in Grinnell would be able to apply for employment opportunities in cities within its comparability group..."¹⁴

The earlier fact finder then observed that the union's comparison group would be even better if Marshalltown was eliminated from the comparison group since it has a population of almost three times that of Grinnell. Such reasoning assumes that population in and of itself is a driving factor in establishing differences in the issues that are found in union contracts. This is undoubtedly so when comparing small cities of the range found in both comparability groups with large cities in the state such as Des Moines. Sociologists, economists, education experts and so on would, however, be hard pressed, in the estimation of this fact finder, to find appreciable differences in the social systems, end costs related to standard of living, work demands by city employers and so on in any of the cities cited by either party to this fact finding. A few thousand in population one way or another will not change the economic or work cultures of any of these cities unless they hold a position of privilege for some reason,¹⁵ which was not brought to the attention of the fact finder in this case. In short, there is insufficient evidence in the record before the fact finder to warrant conclusion that the precedent set by the 2001 fact finding recommendations as they relate to comparability ought not be followed as precedent. The

¹⁴See: Fact Finder's Recommendations (2001). @ p. 3. Unnumbered union exhibit cited in Footnote 9.

¹⁵Such as being dependent on things like tourist trade, or because they possess a casino, or are totally dominated by a large educational institution, etc. Grinnell has a higher educational institution but its size suggests that it does not dominate Grinnell nor make its work culture, economics, etc. appreciable different from those of the other towns in the comparison groups.

fact finder here will, therefore, do so.

Threshold Issue No. 2: Ability to Pay

The taxable valuation for Grinnell as compared with the group proposed by the union is consistent, on comparative basis, with population size and its tax levy is slightly higher per population than the group. Total revenue of Grinnell rose steadily from FY 1998 through 2001 and then dipped in 2002 as the decrease in tax receipts in public jurisdictions almost nation-wide has done because of a depressed economy and it is projected to decrease even more in 2003. And Iowa cities, of course, and Grinnell is no exception, have had to deal with the state government's approach to tax sharing. But there is evidence that the vagaries of revenues in the city of Grinnell have been dealt with intelligently and in a disciplined manner by the city's managers and Grinnell is an economically stable city.¹⁶ There is no ability to pay issue before the fact finder in this case and both parties to the hearing stated that this was not an issue raised during the prior negotiation and mediation sessions. Thus the "...ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services..." is not really a strong determinant in this case as the fact finder proceeds in framing recommendations.¹⁷

¹⁶Such conclusion is consistent with information provided to the fact finder at the hearing related to personnel downsizing in the city in view of decreasing resources in the period in question, the incorporation of certain one-time grants into the operating budget of the city, and so on.

¹⁷ Act @ 20.22 (9)(c).

The fact finder will now address the specific issues on which the parties are at impasse in Grinnell in 2004 and he will frame his recommendations accordingly.

The Issues at Impasse

Issue No. 1: Proposed Amendment to Article 9 - Leaves of Absence

Discussion

Article 9 of the parties' labor contract deals with the rights of members of the bargaining unit to various types of leaves such as sick leave, maternity leave, family & medical leave, funeral leave, as well as leaves for serve jury duty and to serve in the military. The contract stipulates that some of these leave days can be taken with pay, and some without pay.¹⁸

The first issue in this fact finding involves a proposed addition by the union of new language to Article 9 of the current labor contract. The proposal by the union is that the members of the union bargaining team be released with pay "...when mutually scheduled bargaining meetings occur during the employees' work hours...". The union operationalizes "...bargaining sessions..." to include also time consumed by the members of the bargaining team during the employees' working hours for the purpose of mediation, fact finding and interest arbitration. The fact finder queried the union on whether the proposal was meant to also cover time off or leaves for union representatives to handle grievances during the work day and he was advised that the proposal was not

¹⁸See: Collective Bargaining Agreement @ p. 6 seq.

meant to cover that type of union business. The proposal only deals with compensation for the members of the bargaining team for work done by the team members associated with negotiations over a new labor contract. The rationale presented to the fact finder for putting this new provision into the parties' labor contract is that if negotiations are scheduled during working hours the members of the bargaining team must participate in the exercises without pay. The alternative is for the parties to always schedule negotiations at some time other than working hours such as in the evenings and/or on the week-ends and so on. If in the evenings, there are fatigue factors that must be considered and how this would affect the productivity of the employees in question. The fact finder was advised that the members of the bargaining team are always elected by the rest of the bargaining unit members and are not necessarily the same as the elected officers of the local union.

The position of the city is a rejection of this proposal. According to counsel for the city the parties have been negotiating for years without paying the members of the bargaining team if sessions would have taken place during working hours. Further, according to the city, the negotiating sessions that have taken place in the evenings seldom went beyond 9:00 PM anyway. According to the city these are times of scarce resources in Grinnell. The proposal represents further potential expenditures by the city that it ought not be making at this time.

Findings

Apparently provisions dealing with the type of leaves of absence at stake in this

proposal are not common in labor contracts in the public sector in Iowa, at least up to this point --- or if it is the parties provided little information to that effect --- although, the fact finder will observe, such clauses are a fairly common feature in union-management contracts in private industry. The reason for the latter is that a provision such as the leave of absence one proposed here goes to the heart of fair representation rights of employees and the benefits associated with those rights.

Absent a labor law an employer dictates, unilaterally, employee policies related to wages, benefits and conditions of employment. These are employers' rights in the U.S. that have their roots in British Common Law adapted to the American work place. A labor law, on the other hand, such as Iowa's or any other found in U.S. industrial relations as far as that is concerned, permits employees, given the fulfillment of certain conditions, the right to equalize the power of managerial decision-making as this relates to the employees' own destinies involving wages and so on as noted above. The dialectic of that equalization of power takes place at the bargaining table, and with the administration of contracts once consummated, by means of grievance arbitration. There is nothing new or novel in making the observation that labor laws in the U.S. industrial relations' system create a level playing field, to use a common phrase, at least in principle, between labor and management. How level that field ever becomes, in fact, in an actual union-management relationship, is a matter of detail related to the bargaining history between the parties involved.

The instant issue involving leaves of absence has to be addressed by the fact finder

in the context of the above considerations. Further, the equalization of power and the resulting benefits for unionized employees apply not only to bargaining outcomes. The level playing field concept also applies to the parties to the relationship. If this were not so the concept of fair representation rights, as such, guaranteed by all labor laws, including the one in Iowa, would make no sense. The issue here is not the rights and privileges of any member of PPME Local 2003's bargaining unit in Grinnell as an employee working for the city, but rather the rights and privileges of particular unit members who have been elected to represent the others at the bargaining table at each round of negotiations.

Applying these well-known concepts about the nature of the union-management relationships to the circumstances in Grinnell, as the fact finder was apprised of them either directly or indirectly, he is in the position to then make the following observations.

If the parties engaged in their negotiation sessions in the fall of 2003 during work hours, and if they engaged in mediation in January of 2004 during working hours, the members of the bargaining team were not compensated for this activity.¹⁹ Given no contract protections, they ought to have been docked pay. The fact finding hearing did take place on the date of February 12, 2004 during the middle of a work day. Those who were present at the hearing are listed under title of Appearances in these

¹⁹The fact finder was not informed, in detail, exactly when the sessions leading up the fact finding hearing took place. That is not even important to make the point here which is that if such sessions took place during work hours the bargaining team members were not paid.

recommendations.

The fact finding hearing took place at the hour that it did for the following reasons. A good faith attempt to schedule the hearing on a week-end, or in the evening, by the principals involved was not successful since it did not coincide with the availability of outside counsel. Candidly, the fact finder is not fond of week-end work, or evening work, any more since over 25 years of being involved in exercises such as this, at all hours of the day, night, and week have imbued him with a healthy respect for working the old 40 hour week, first shift preference. But he would have held the fact finding hearing at any time at the pleasure of the parties since that is what labor neutrals always end up doing anyway. So because of scheduling compromises the hearing was held during the middle of a work day on February 12, 2004. This was a Thursday. Having said that the following facts are undoubtedly true.

Management personnel was paid to attend the hearing. Legal counsel was obviously paid for his time to attend the hearing. The business representative for the union was paid since he works for the union and his compensation is not paid by the employer. Even the fact finder was paid his published PERB fee. The only ones present at the fact finding hearing on February 12, 2004 which started at 10:00 AM, who were not paid, and who in fact were docked pay, were the elected union representatives of the collective bargaining unit. And if there is something wrong with the picture of some getting paid, and some not getting paid, for participating in an activity that all present had the legal right to participate in under the protection of law, then the intent of the instant

proposal by the union is meant to correct that. The union's leave of absence proposal is as simple as that.

From the experience of this fact finder, employers have some mental adjusting to do in the beginning of a union-management relationship in order to get used to the new dynamics and the new reality of shared decision-making protected by law. Nothing wrong with that since most people in most contexts resist change.

Managements working in a union-management context have to have a different mind-set than managements working in a non-unionized environment in order for the process to work harmoniously. With the passage of time those involved in union-management relationships mature into their roles and their understandings of mutual obligations under the law. As noted, the relationship in Grinnell is a mature one. It has had its silver anniversary already. In view of this it is not unreasonable, in the mind of the fact finder, for the parties to put a provision in their labor contract recognizing the level of maturity that ought to be there because of the longevity of the relationship. It is no longer acceptable for members of the employer's management, in the view of the fact finder, after a quarter of a century of labor contracts, to obstinately continue to pay themselves certain compensation benefits, and not recognize the fair representation rights of their elected counterparts under the law, as if management was still functioning in a non-unionized environment when it is not.

Concurrently, the fact finder recognizes that changes have to be implemented slowly as matter of both politics and other adjustments necessary in changing mind-sets

and he will structure his recommendations on this issue accordingly. He does note the economic argument by the employer and simply will dismiss it by applying the de minimis principle, albeit the latter is normally applied in other contexts. The amount of money at stake here is not much one way or another, irrespective of how the fact finder would structure his recommendations on this issue. The issue raised here is not as much about economics as it is about the recognition of the structure of relationships and the respectful recognition of the status of both parties to that relationship under the protection of law.

Issue No. 2: Proposed Amendment to Article 17, Overtime

Discussion

The current Article 17 provides for time and one half pay for hours worked in excess of forty (40) hours' per week in any given work week. It permits an employee to either collect overtime pay in cash or compensatory time. The latter can be put in a bank for future use and the maximum accumulation in the bank for any employee cannot exceed sixty (60) hours.²⁰ The proposal by the union is that the maximum accumulation in the compensatory bank be raised to eight (80) hours. The rationale by the union for raising the compensatory bank maximum is to accommodate certain of the younger employees whose amount of paid vacation, as outlined in Article 20 of the labor contract,

²⁰ See: Collective Bargaining Agreement @ p. 12.

is pretty meager.²¹ So by using banked compensation days an employee can theoretically lengthen paid vacation time by adding vacation time earned to compensatory days back to back since the days in the compensatory bank, according to Article 17, can be used "...at a time mutually agreed to by the employee and the employee's supervisor...". The comparability group selected by the fact finder and which is used by the union to argue its proposal in this case has been examined by the fact finder. All of the contracts in that group permit employees to take compensatory time in lieu of overtime pay and allow the employees to accumulate compensatory time in a bank. The union does some math on the maximum number of hours permitted by these different union contracts but its conclusion about the mean number of maximum hours permissible under the sum of the contracts is suspect since the way in which employees can accumulate overtime in the first place under the contracts vary;²² the time-frames in which the maximums must be used by the employees varies, and so forth.

The position of the employer is that it is not willing to increase the number of compensatory hours to be put in a compensatory time bank since the parties just increased, after the last round of negotiations, the maximum number of hours to be put in

²¹See: Collective Bargaining Agreement @ p. 13 seq. This Article states inter alia, that an employee who has completed one (1) year of service will receive five (5) working days of paid vacation; with two (2) years ten (10) days of paid vacation and so on. Employees in Grinnell under this Article max out at twenty-five (25) days of paid vacation with twenty-five (25) years of seniority.

²²Under the current labor contract for this unit of employees in Grinnell, an employee is eligible to work overtime only after working 40 hours in a work week. Labor contracts in other comparable cities such as Newton, Indianola & Marshalltown permit employees to work at overtime rate after 8 hours in any work day.

the compensatory bank to sixty (60) hours. Prior to that it was at forty (40) hours for quite some time since 1990-91 if the fact finder understands all this correctly.

Findings

Given the history of this issue in negotiations and the recent progress made in increasing the compensatory time bank maximum just the last round of negotiations the fact finder is not persuaded that this is an issue that ought to be changed in the labor contract this round of bargaining. This conclusion is further supported by evidence that suggests that the change proposed would not make much factual difference to the unit members one way or another, in either case.

Issue Nos. 3 & 4: Proposed Amendments to Article 26, Basic Wage Schedule & Article 23, Insurance

As noted earlier the proposals on wages and insurance are related. To understand this the fact finder will first of all sort out the proposals by dealing with them individually, and then discuss their combined effect.

Wage Schedule - Discussion

The wage increase proposal by the union this round of negotiations is an across-the-board fixed sum hourly wage increase of \$0.60 per hour for all members of the bargaining unit with the increase bifurcated: the first \$0.30 per hour increase to be paid to bargaining unit members on July 1, 2004; and the second \$0.30 per hour increase to be paid to the bargaining unit members on January 1, 2005, over the life of the one year labor contract. The across-the-board fixed sum increases lead to different percentage

increases for employees, depending on the earnings level of the particular employees, but in terms of overall budget costs the proposal by the union appears to represent about a gross 3 to 3.25% increase to the city. The wage proposal by the employer is a straight 2.5% increase in wages, across classifications, with the increase being put into effect on July 1, 2004.

Findings on the Wage Schedule Proposals

The parties' straight wage proposals are not very different in terms of costs to the city although they translate differently in wage increases for the bargaining unit members. They are not very different in terms of costs to the city because the city's across-the-board percentage proposal is to be paid up-front, in full, and the union's equity,²³ across-the-board, fixed sum increase proposal is to be paid only partially up-front and partially six months later. The latter permits the city to keep some of the proposed increase in its pocket for a period of time, rather than putting it all immediately into the pockets of the employees thus allowing the city, theoretically, at least, to garner some returns on this money. With such comes a slight economic advantage to the city. But the bargaining unit is small and the sums at stake here are not large one way or another. Since it is the

²³Such wage system increases are generally called equity increases because those in the lower hourly earning brackets end up with a higher percentage increase and those in the higher hourly earning brackets end up with a lower percentage increase. Across the board fixed sum increases tend to keep the spread between earnings by classification constant whereas percent across the board increases tend to mathematically increase the spread of earnings across classifications. An assistant supervisor of public works in Grinnell who earns \$15.45 per hour would obviously receive a larger raise than a sweeper operator who earns \$14.54 per hour if both received a 2.5% raise since 2.5% of 15.45 is more than 2.5% of 14.54. On the other hand if both received a \$0.60 per hour raise the sweeper operator would get a higher percentage raise than the assistant supervisor of public works and so on. See City Exhibit 5 and Union Exhibit 6 for wage rates.

union's comparability group that will be used here, rather than the city's, data provided by the union on its group shows that of labor contracts settled so far for July 1, 2004 the across-the-board increase appears to be in the 3.25% range.²⁴ Such conclusion may be right but the route to be taken in getting there is rather tortured because of missing data points, fixed sums compared with percentages, and so on in the group. It is also true that the CPI stood at about 2.25 % in 2003. Loose economic thinking tells us that this has to be theoretically subtracted from any wage increase in order to get an insight into any factual wage increase.²⁵ Lastly, the fact finder must take into account that for reasons of its own this bargaining relationship has a long history of providing employees in the unit with across the board fix sum hourly increases, and not across the board percentage increases as the city proposes.²⁶

Insurance - Discussion

The union's proposal for changes in Article 23 of the labor contract that deals with

²⁴Union Exhibit 14. Marshall's bargaining unit got a \$0.50 hourly increase. Oskaloosa got a 2.5% increase and Indianola and Knoxville got a 3.5% increase. The others in the group have not yet settled as of the date of the fact finding hearing. The Grinnell police got 3.5%.

²⁵Union Exhibit 15 is an article from an (unknown) newspaper, probably the Des Moines Register, that states that the CPI increased 1.9 % for all of 2003. The fact finder's own data set from the BLS shows that the increase for all urban consumers stood at 2.28%. The Department of Labor's CPI calculator shows that \$100.00 worth of goods on January 1, 2003 cost \$102.28 on December 31, 2003. Extreme caution has to be used in citing such data since an individual employee's actual increase for the cost of good and services will depend on what is purchased during the time-frame in question. There is an additional problem here in Grinnell with citing the CPI since the labor contract year starts at the middle of the calendar year. But having said all that the fact remains that the cost of goods and services has increased. The theory of wage increases is an attempt to arbitrarily keep up with those CPI increases or, in given instance, surpass them.

²⁶Union Exhibit 13: 1990-91 through 2002-03 data.

medical insurance is as follows. Under the current contract the unit members share the costs of family health care policy premiums at the rate of 30% of the cost of the premiums with a cap of \$130.00 per month, whichever is less. The union proposes to raise that cap by \$5.00 to \$135.00. The city's proposal is that the cap be raised by \$25.00 per month to \$155.00. Current Article 23 also has deductibles: they are \$100.00 under the single plan, and \$200.00 under the family plan. Both the city and the union agree to raise those deductibles to \$250.00 under the single plan, and to \$500.00 under the family plan but the union's proposal has a qualification and it is this. That all drug and medical co-pays apply toward the employee's out-of-pocket maximum deductible.

Insurance - Findings

The union chronicles the long history, as it puts it, of employees in the bargaining unit contributing to the premiums of the family healthy care plan. This goes back some years and it was in 1989 when it was agreed that unit members using family plans would pay 30% of the premium.²⁷ In 1995 the parties negotiated a cap on the cost of that 30% to unit members, undoubtedly, because of the commonly recognized hyper-inflationary increases in health care premiums on annualized basis. The first cap negotiated was \$95.00. The cap was increased since then to where it now stands which is at \$130.00 per month. The increases proposed by both sides to the monthly premium must be viewed, in the mind of the fact finder, with the increase in the deductibles which is considerable.

²⁷Prior to that there was a rather complicated arrangement whereby the employer paid 100% of the premiums and the employer and employees split the increase in premiums 50/50 and so on.

Both recognize the continuing importance of the costs of this benefit to employees which, the fact finder will observe, is one that ought to be resolved at the level of national policy making rather than at a bargaining table. But such observation changes nothing with respect to the instant fact finding. It does little good, in the mind of the fact finder, for parties to negotiate wage increases if those same increases are eradicated by factors such as inflation, as discussed earlier, and an increasing share of the burden of benefits such as health care costs shifted to the shoulders of the employees. There is no easy escape from the trap of spiraling and escalating health care costs. But employees' modest contributions to stem those costs, in view of their ability to pay, appears to be all that can be reasonably asked. On basis of that principle the fact finder will make his recommendations on this issue. Further, according to the union, the premium costs of unit members in the comparability group at this point remains some below the \$130.00 cap already paid by unit members in Grinnell represented by PPME Local 2003. The fact finder does note that there is no history in this unit of pharmacy and medical co-pay offsets toward the deduction as the union here also proposes. Quite a number of issues are on the agenda here to be resolved in this fact finding and it is the view of the fact finder that this latter issue ought to be reserved for the future round of negotiations which will take place, actually, the forthcoming year.

Wage Adjustment & Insurance - Discussion

Article 23 of the current labor contract states the following, in pertinent part:

If the employee elects not to have family insurance coverage under the city plan,

the employer will pay that employee an additional wage equal to the cost contributed by the employer for family coverage, less the employer's share of FICA and IPERS.

This is a rather unique and interesting clause in the parties' labor contract that the union says goes back some 20 years. But it is just a mirror, if the fact finder understands the information of record properly, of city policy applicable to all of its non-contract employees and it is the same as a clause dealing with the same matter found in the police contract in Grinnell. The clause in question, in the context of all of the provisions found in Article 23 says that the employer will either pay its share of a family health care premium or pay an amount equal to that to unit members who elect not to use the family insurance plan. It comes as no surprise that the members of the bargaining unit represented by PPME Local 2003, as well as undoubtedly those in the police unit as well as all of the rest of the employees in Grinnell, one can reasonably suppose, would view that compensation substitute for health care premiums as part of their wage structure. The proposal by the employer is to discontinue the family premium payments to employees not selecting the family plan and to bar "...all new employees after July 1, 2004 from being eligible for this payment...". The position of the union is that such proposal is "...unacceptable under any circumstances...".

Wage Adjustment & Insurance - Findings

The union is correct that the proposal by the employer is a variant of a two-tier wage system. The city is also correct is arguing that this is one way to rein in costs. But it is not a very good way. The history of two-tier wage systems generally shows that they

create many problems. Information on this has been supported by empirical research but it is also supported by common sense. The proposal here basically suggests that it is not inappropriate to pay two people doing, in given instances, the same thing different compensation. But two-tier wage structures also do something else which is to violate the fundamental tenet of union-management relations by not treating all members of a given bargaining unit equally. If information of record on this issue before the fact finder is correct the compensation system that the city wishes to change here is pervasive in Grinnell. Obviously, the city has full rein to unilaterally change this particular aspect of the customary system of compensation in Grinnell with the non-covered employees. It does not have to consult a mediator, a fact finder, an arbitrator nor anyone else to do that. Perhaps it should give that a try. And then come back to the bargaining table with PPME Local 2003 bearing its chronicles of success that might be presented at some future date to some other fact finder or interest arbitrator. In the interim, the instant fact finder has been insufficiently convinced that the proposal here on two tier wage structures for members of the bargaining unit is one that ought to be supported.

Recommendations

Taking into consideration the criteria outlined in the *Act @ 20.22 (9)* in addition to "...any other relevant factors...", as discussed in the foregoing, the fact finder makes the following recommendations in this case.

Issue No. 1: Leaves of Absence

That the elected members of PPME Local 2003's bargaining team in Grinnell, Iowa be paid up to twenty (20) hours of work time, at the straight time rate, each round of bargaining for the purpose of participating in negotiations, fact finding and interest arbitration..

Issue No. 2: Overtime

That there be no change made to the current labor contract on the issue of overtime.

Issue Nos. 3 & 4: Wages & Insurance

That the across the board fixed sum increase for members of the bargaining unit be \$0.45 per hour and that this be paid to the members of the unit on July 1, 2004.

That the family health insurance premium contribution be capped at \$135.00 per month. That deductibles for single policies be increased to \$250.00 and that deductibles for family policies be increased to \$500.00. It is the recommendation of the fact finder that there be no off-sets to the deductibles from pharmacy and medical co-pays.

That employees who elect not to have family insurance coverage under the city plan will continue to be paid by the employer an additional wage equal to the cost contributed by the employer for family coverage, less the employer's share of FICA and IPERS.



Edward L. Suntrup
Fact Finder

Dated: February 22, 2004